GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1860
ANSWERED ON:24.08.2007
CONCESSIONS TO INDUSTRIES IN UTTARAKHAND
Singh Shri Mohan

Will the Minister of FINANCE be pleased to state:

(a) the nature and period of rebate in income-tax, excise duty, central sales tax and the subsidy in transport provided to industries located in Uttarakhand;

(b) whether the requests for extension of similar concession to industries in the neighboring States have been received;

(c) if so, the details thereof; and

(d) the action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): As far as direct taxes are concerned, tax benefit is available if the undertaking has begun manufacturing or producing or has undergone substantial expansion during the period 7.1.2003 to 31.3.2012. The quantum of tax benefit available is 100% for the first five assessment years and 25% [30% in case of companies] for the subsequent five assessment years.

As far as indirect taxes are concerned excise duty exemption has been provided to specified units manufacturing specified products subject to certain conditions.

The eligible units (new units or existing units undertaking substantial expansion and starting commercial production on or after 7.1.2003 but not later than 31st March, 2010) get full exemption from excise duty for a period of ten years from the date of start of commercial production.

As regards Central Sales Tax, no rebate in Central Sales Tax Act has been provided by the Department of Revenue, Government of India to the industries located in Uttarakhand. The States are however, empowered vide Section 8(5) of CST Act 1956, to reduce the rate of or exempt from the applicable CST subject to fulfilment of prescribed requirements. The Government of Uttarakhand has accordingly notified a CST rate of 1% for those industrial units located in their State which start commercial production on or after 7.1.2003 but not later than 31.03.2010; for a period of 5 years from the date of commencement of commercial production by the respective unit.

As far as transport subsidy to industries is concerned, the information is being collected and would be laid on the Table of the House.

(b),(c) and (d): A number of requests were received from the States of Punjab, Haryana, Rajasthan, UP, Gujarat, Karnataka, Andhra Pradesh, Goa and Tamil Nadu. Keeping in view the facts that area-based exemptions distort tax structure, reduce tax base and generally do not result in durable investments, it had not been extended to new areas.